Non-Core Fixed Income Recommendation

Feb 13 –14, 2020

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Agenda

I. Executive Summary
II. Portfolio Construction
III. Manager Selection & Recommendation
IV. Requested Board Action

Names used in this presentation may be shortened versions that are used for ease of communication purposes throughout this document. The formal recommendation to the Board on the last page of this presentation reflects the full legal name of the investment.
Section I
EXECUTIVE SUMMARY
## Manager Recommendation

### Executive Summary

<table>
<thead>
<tr>
<th>Recommended Manager/Fund</th>
<th>Strategy Classification</th>
<th>Recommended Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIMCO Corporate Opportunities Fund III Onshore Feeder, L.P.</td>
<td>Opportunistic Credit</td>
<td>Up to $300 million</td>
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<tr>
<td>(PIMCO COF III or COF III)</td>
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</tbody>
</table>

Total Approximate Recommended Investment/Commitment: Up to $300 million
Section II

PORTFOLIO CONSTRUCTION
Non-Core Fixed Income Portfolio Construction

NCFI Portfolio (as of 12/31/19)

- Public 61%
- Private 36%
- Private & Public 3%

NCFI Portfolio (as of 12/31/19 w COF III)

- Public 59%
- Private 34%
- Private/Public 7%

²NCFI portfolio based on preliminary data

Capital Preservation

- Structured Credit (18%)
  - Ellington
  - Voya
  - Waterfall*
- BL/CLO (14%)
  - GSO
  - Octagon

Income

- Direct Lending (19%)
  - Adams Street**
  - Angelo Gordon**
  - Golub***
  - H.I.G. WhiteHorse**
  - TCW**
  - White Oak**
- HY (10%)
  - Columbia
  - Neuberger Berman
- EMD (12%)
  - Alliance Bernstein
  - BlueBay
  - Bain
  - Beach Point
  - BlackRock GCO**
  - GoldenTree
  - Marathon SPS***
  - Marathon ECO**
  - Marathon CLO RR**
  - PIMCO COF II****
  - PIMCO COF II***
  - Värde**

Capital Appreciation

²NCFI portfolio based on preliminary data

* Opportunistic Mandate
** Partially funded
*** Investment Period ended, on run-off mode
**** Contingent on Board’s approval
Section III

MANAGER SELECTION & RECOMMENDATION
Top Candidate Characteristics – PIMCO COF III

Up to $300 million Recommendation

Pacific Investment Management Company LLC (PIMCO) was founded in 1971 and is a wholly owned subsidiary of Allianz SE. As of June 30, 2019, PIMCO managed $1.84 trillion across fixed income, alternatives, equities and real assets.

PIMCO COF III (Fund) is an opportunistic strategy primarily focused on investing in corporate debt across both the public and private markets in the U.S. and Europe. The Fund will seek to identify opportunities across the following sub-strategies: capital solutions, stressed, distressed, and special situations. The flexible mandate will allow PIMCO the latitude to identify opportunities regardless of the current market environment.

TMRS is invested in the predecessor fund Pimco COF II.
Section IV

REQUESTED BOARD ACTION
Approval of Recommendation

- TMRS Staff and RVK recommend that the Board of Trustees approve the selection of the following fund:

**Recommendation:**

- PIMCO COF III ... Up to $300 million
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